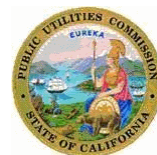


**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**



FILED

10-07-14
04:59 PM

Application of SAN DIEGO GAS & ELECTRIC
COMPANY (U902M) for Approval of its Energy
Storage Procurement Framework and Program
As Required by Decision 13-10-040.

A.14-02-006
(Filed February 28, 2014)

And Related Matters

Application 14-02-007
Application 14-02-009

**REPLY COMMENTS OF
THE OFFICE OF RATEPAYER ADVOCATES
ON PROPOSED DECISION**

FARZAD GHAZZAGH

Senior Utilities Engineer,
Office of Ratepayer Advocates
California Public Utilities Commission
505 Van Ness Avenue, 4th Floor
San Francisco, CA 94102
Phone: (415) 703-1694
E-mail: fxg@cpuc.ca.gov

LISA-MARIE SALVACION

Staff Attorney for:
Office of Ratepayer Advocates
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102
Phone: (415) 703-2069
Email: lisa-marie.salvacion@cpuc.ca.gov

**RAJAN MUTIALU
CHRISTOPHER MYERS**

Analysts
Office of Ratepayer Advocates
California Public Utilities Commission
505 Van Ness Avenue, 4th Floor
San Francisco, CA 94102
Phone: (415) 703-2039
Email: rajan.mutialu@cpuc.ca.gov

October 7, 2014

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Application of SAN DIEGO GAS & ELECTRIC
COMPANY (U902M) for Approval of its Energy
Storage Procurement Framework and Program As
Required by Decision 13-10-040.

A.14-02-006
(Filed February 28, 2014)

And Related Matters

Application 14-02-007
Application 14-02-009

**REPLY COMMENTS OF
THE OFFICE OF RATEPAYER ADVOCATES
ON PROPOSED DECISION**

I. INTRODUCTION

Pursuant to Rule 14.3 of the California Public Utilities Commission's ("Commission") Rules of Practice and Procedure ("Rules"), the Office of Ratepayer Advocates ("ORA") hereby replies to parties' opening comments on the Commission's *Proposed Decision Approving San Diego Gas & Electric Company, Pacific Gas and Electric Company, and Southern California Edison's Storage Procurement Framework and Program Applications for the 2014 Biennial Procurement Period* ("Proposed Decision"), which were filed on October 2, 2014.

II. DISCUSSION

A. Managed Electric Vehicle Charging (“V1G”) Should Not be Classified as an Eligible Storage Resource Since It Does Not Meet the Statutory Definition of Energy Storage

ORA opposes the continued argument of the Environmental Defense Fund and Natural Resources Defense Council (“EDF/NRDC”),¹ Pacific Gas and Electric Company (“PG&E”),² and General Motors (“GM”)³ that V1G should be considered energy storage. These parties argue since V1G provides grid services, grid stability, and transmission/distribution deferral, it should be considered energy storage. The Commission should reject these arguments because V1G does not qualify under the definition of storage.

Public Utilities (“Pub. Util.”) Code Section 2835 defines an energy storage system as a technology capable of “absorbing energy, storing it for a period of time, and *thereafter dispatching the energy.*”⁴ V1G, however, stores energy for off-grid purposes, such as vehicle transportation.⁵ It is incapable of dispatching electricity back onto the grid if called. Because of its limited function, V1G is more suitably positioned to serve in a Demand Response (“DR”) role. Thus, ORA supports the Proposed Decision’s conclusion that V1G more appropriately qualifies as a DR/Load Modifying resource rather than an energy storage resource.⁶

¹ EDF/NRDC Comments, pp. 1-5.

² PG&E Comments, pp. 12-13.

³ GM Comments, pp. 1-2.

⁴ Pub. Util. Code § 2835(a)(1) [Emphasis Added].

⁵ Proposed Decision, p. 55:

Managed charging of EVs, often referred to as V1G, involves controlling the rate of charging the EV battery in response to signals from the grid system but the stored energy is then later used *only* for off grid purposes, such as powering the vehicle for transportation.

⁶ Proposed Decision, Conclusion of Law 7, p. 108.

B. The Commission Should Retain the Application Process for Approval of Contracts for Initial Storage Procurement Projects

PG&E request that energy storage request for offers (“RFO”) contracts be submitted through a Tier 3 Advice Letter instead of an application because “there is no need to require an application proceeding for the compliance activity of approving individual storage contracts.”⁷ The Commission should reject PG&E’s request because the review and approval of the first energy storage contracts are not merely “compliance” activities, but will continue to address issues that are not fully resolved such as: interpretations of definitions, interconnection agreements, cost-effectiveness methodologies, and whether potential projects are reasonable, and safe and reliable. These are issues that are more appropriately examined by the Commission and stakeholders through an application rather than an advice letter. This is especially true considering the still nascent stage of the Commission’s energy storage procurement program.

For example, the Proposed Decision does not require uniform interconnection requirements because each “utility has unique system needs and requirements and different RFO requirements and procedures to address.”⁸ If the pre-bidding interconnection requirements are not standardized, it is necessary for the Commission to thoroughly review each utility’s interconnection requirements during the review of the utilities’ contracts. As the Proposed Decision states, the “interconnection process is a complex process with many factors to consider including project size, length of procurement cycles, financial hurdles, timing of key milestones to complete projects, and relationship with other stakeholder proceedings, etc.”² The noted interconnection complexities demand a thorough review through a formal application, which provides an

⁷ PG&E Comments, pp. 7-8.

⁸ Proposed Decision, p. 92.

² Propose Decision, p. 92.

opportunity to seek discovery, request evidentiary hearings, and place evidence on the record.

Further, the first energy storage contracts provide the Commission and stakeholders an opportunity to determine whether certain technologies and projects are reliable and safe for the grid and public consumption. The Proposed Decision adopts a “multi-prong approach” to ensure energy storage projects are safe and reliable.¹⁰ ORA supports this approach and further agrees that “with the emergence of new storage technologies, continuous and vigilant Commission oversight . . . is necessary to ensure reliability and safety standards are maintained and do not erode over the long-term.”¹¹ The Commission’s commitment to the safety and reliability of energy storage systems begins at the foundation, which certainly includes the lessons learned and standards set during the early stages of the program. Once the Commission and stakeholders are satisfied with the energy storage procurement program’s maturity, it may be prudent to revisit this issue. However, the first energy storage contracts demand a rigorous and public review.

III. CONCLUSION

For the reasons stated above, ORA respectfully urges the Commission to adopt the recommendations made herein.

Respectfully submitted,

/s/ LISA-MARIE SALVACION

LISA-MARIE SALVACION

Staff Attorney,
Office of Ratepayer Advocates
California Public Utilities Commission
San Francisco, CA 94102
Phone: (415) 703-2069
E-mail: Lisa-Marie.Salvacion@cpuc.ca.gov

October 7, 2014

¹⁰ Proposed Decision, p. 24.

¹¹ Proposed Decision, p. 24.